



Atlanta Office Market

Atlanta Vacancy Remains Level

Atlanta's office market saw an improved performance from the previous quarter, with demand outpacing supply by approximately 140,000 square feet. This was the second quarter since the effects from the pandemic took hold where positive net absorption was recorded within the office segment. The slight improvement translated into overall vacancy dipping 10 basis points from the previous quarter. Vacancy remained 140 basis points higher from this time last year as increased supply, coupled with added vacancy from construction completions, continued to impact the market. Class A space recorded the strongest improvement, with almost 164,000 square feet of absorbed space. The lower-tier Class C segment moved into the number-two spot with over 44,000 square feet of positive net absorption, while Class B space saw supply outpace demand with a return of 68,000 square feet of negative net absorption.

Despite weakened market conditions and increased available space, landlords have yet to lower asking rents with the overall average increasing slightly from the previous quarter. The Class A segment saw the average remain level from the previous quarter and only increasing 1.8% from this time last year. In a strange

Current Conditions

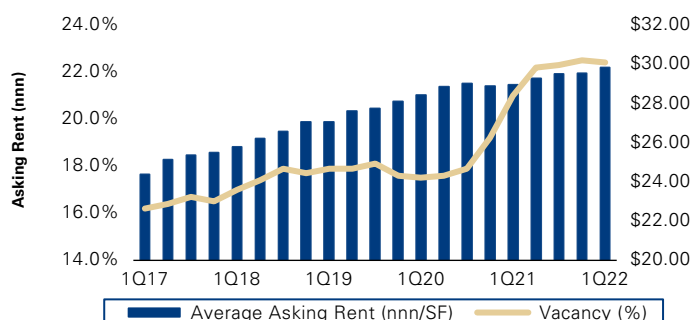
- The office sector saw moderate growth during the first quarter of 2022 as impacts from the pandemic appeared to be lightening.
- Overall asking rents continued to tick upward for an additional quarter and may eclipse the \$30.00/SF mark during the second quarter of 2022.
- Prominent office deals included a variety of renewals, expansions and new deals continuing to lead leasing activity.
- Construction activity continued to slow down significantly.

Market Summary

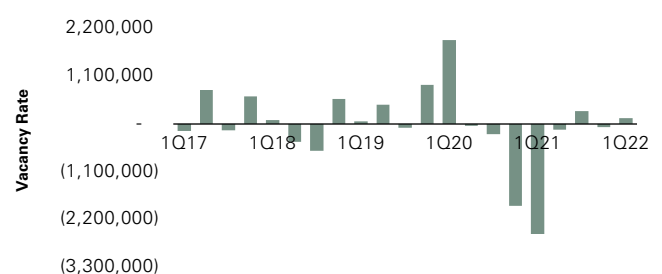
	Current Quarter	Prior Quarter	Year Ago Period	12-Month Forecast
Total Inventory (SF)	155.7M	155.6M	152.6M	↑
Vacancy Rate	22.4%	22.5%	21.0%	←
Quarterly Net Absorption (SF)	139,985	-67,839	-2.5M	↑
Average Asking Rent/SF	\$29.84	\$29.55	\$28.94	↑
Under Construction (SF)	3.1M	3.1M	5.9M	↓

Market Analysis

ASKING RENT AND VACANCY RATE



NET ABSORPTION



of events, lower-tier Class C space saw the largest year-over-year increase, rising by \$3.80/SF from one year ago. The Class B segment saw the most tepid rise with a 1.5% increase from the close of first-quarter 2021, signaling that landlords may be slowing on bumping up asking rents for higher-end trophy properties and second-tier space.

Leasing Activity

There were 358 lease deals, totaling over approximately 2.4 million square feet of transaction activity, during the first quarter of 2022. Class A dominated leasing activity, combining for more than 1.6 million square feet, while second-tier Class B space trailed in the second spot with over 726,000 square feet. The Class C segment saw a modest 13,000 square feet of deals close at the end of the quarter. Most deals were renewals or lateral relocations; companies continued to hold off on major office decisions as workers slowly return to the office.

Investment Sale Activity

In the first quarter of 2021, the top 10 investment transactions totaled over 2.5 million square feet sold and were predominantly Class A office buildings. These sales alone totaled almost \$790 million in sales volume. These transactions primarily took place in

the Central Perimeter, Buckhead, Downtown and North Fulton submarkets. Half of the investment sales were portfolio sales.

Construction Pipeline

Twelve buildings were listed as under construction, totaling 3.1 million square feet. This was level from the previous quarter as no deliveries took place at the beginning of 2022. Construction activity slowed dramatically from the 5.9 million square feet underway one year ago, signifying that developers are taking a more disciplined approach to breaking ground on new projects.

Future Outlook

The outlook for the rest of 2022 looks brighter than the previous year, as companies have employees return to work. Demand should improve across most of the submarkets, as asking rents appeared to be leveling off. Atlanta's population growth surpassed Miami for the top performance in the Southeast, adding 42,000 new residents in 2021 according to census data. Due to this, as well as the already-bustling workforce and companies looking to relocate throughout the region, Atlanta is well-positioned within the higher ranks of active office metros, like Miami, Dallas, Austin and Charlotte.

Select Lease Transactions

Tenant	Submarket	Building	Type	Square Feet
American Honda Finance	North Fulton	11675 Great Oaks Way	N/A	86,976
Bryan Cave Leighton Paisner	Midtown	1201 W. Peachtree St	Renewal	78,151
Federal Deposit Insurance	Midtown	10 10 th St	Renewal	43,061
Agilysys, Inc.	North Fulton	1000 Winward Concourse	Extension	33,061
Inspire Brands	Central Perimeter	1 Glenlake Pky	Extension	26,693

Select Sale Transactions

Property	Submarket	Sales Price	Square Feet	Price/SF
600 Peachtree St NE	Downtown	\$380,000,000	1,351,586	\$281.15
3630 Peachtree Rd NE	Buckhead	\$202,000,000	438,910	\$460.23
900 Ashwood Pky	Central Perimeter	\$34,500,000	207,291	\$166.43
1235 Old Alpharetta Rd (Part of a Portfolio Sale)	North Fulton	\$39,756,448	83,800	\$361.63
1825 E Highway 34	Fayette/Coweta County	\$20,964,000	99,264	\$286.11

Submarket Statistics								
	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Quarter Absorption (SF)	YTD Absorption (SF)	Class A Asking Rent (Price/SF)	Class B Asking Rent (Price/SF)	Overall Asking Rent (Price/SF)
CBD Total	38,427,679	1,458,386	23.5 %	128,687	128,687	\$34.18	\$30.94	\$33.36
Downtown	15,703,396	525,350	24.6 %	-145,491	-145,491	\$28.30	\$23.94	\$27.76
Midtown	22,724,283	933,036	22.8 %	274,178	274,178	\$39.63	\$32.51	\$37.32
Suburban Total	117,240,882	1,659,014	22.1 %	11,298	11,298	\$31.38	\$23.17	\$28.74
Airport/South Atlanta	4,380,784	0	18.9 %	47,450	47,450	\$26.68	\$26.23	\$25.88
Buckhead	17,512,098	398,000	23.7 %	-30,984	-30,984	\$38.16	\$28.74	\$37.05
Central Perimeter	24,215,715	0	22.0 %	24,476	24,476	\$31.82	\$24.87	\$30.75
Cumberland/Galleria	21,361,956	0	20.3 %	-3,806	-3,806	\$29.98	\$22.90	\$27.79
Decatur	1,465,688	0	11.1 %	-41,122	-41,122	\$30.72	\$30.74	\$30.82
East Cobb	408,469	0	7.3 %	-3,849	-3,849	0	\$23.20	\$23.20
I-20 East/Conyers	636,153	0	6.2 %	5,860	5,860	\$22.50	\$19.20	\$20.10
I-20 West/Douglasville	158,639	0	0.0 %	0	0	0	0	0
Marietta/Kennesaw	2,888,743	0	25.5 %	-41,486	-41,486	\$28.83	\$23.97	\$25.50
NE I-85 Inside I-285	6,153,154	0	15.9 %	-43,555	-43,555	\$25.46	\$23.09	\$23.66
NE I-85 Outside I-285/ Gwinnett	7,241,310	0	26.5 %	22,608	22,608	\$22.23	\$21.15	\$21.83
Norcross/Peachtree Corners	6,039,457	0	20.4 %	8,943	8,943	\$22.00	\$19.82	\$21.05
North Fulton/Forsyth	19,369,214	0	23.5 %	-39,934	-39,934	\$27.61	\$21.14	\$25.39
Northlake/Stone Mountain	3,097,517	530,000	31.3 %	27,732	27,732	\$23.50	\$20.99	\$21.36
Northside Drive/I-75	2,311,985	731,014	26.3 %	78,965	78,965	\$45.42	\$33.26	\$42.44
Atlanta Total	155,668,561	3,117,400	22.4 %	139,985	139,985	\$32.11	\$24.61	\$29.84

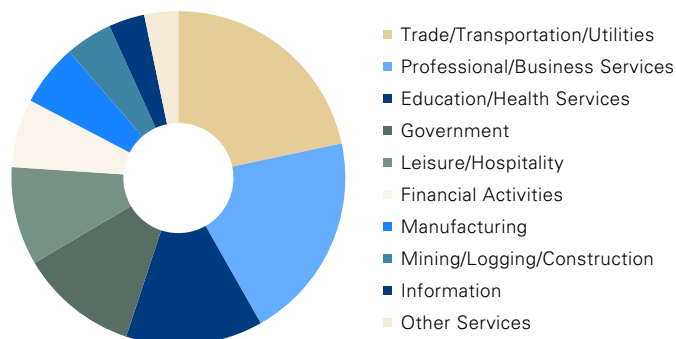
Economic Conditions

Atlanta's unemployment rate was 3.2% as of February 2022, 60 basis points lower than the 3.8% rate in the U.S. It was 130 basis points lower from the same period one year ago, however is still above the 2.2% that Atlanta saw in November 2021, possibly due to the rise in Omicron towards the end of the year and going into 2022. Atlanta's workforce levels are still on the rise and improved as to the region gained jobs in the 12-months ending in November 2021. This was an increase of 15,000 jobs gained from the previous quarter.

Professional and Business service and trade/transportation/utilities jobs held on to the lead with the most improvement as jobs were added from this time last year. All industries saw jobs added to the market with Other Services showing the smallest increase.

Employment by Industry

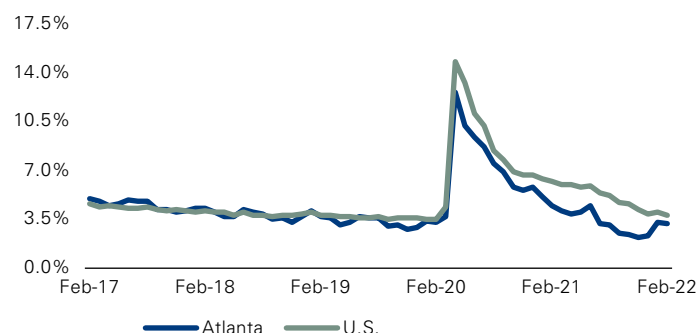
ATLANTA, February 2022



Source: U.S. Bureau of Labor Statistics, February 2022.

Unemployment Rate

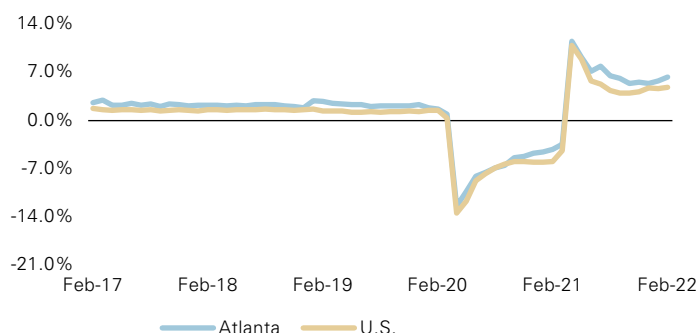
NOT SEASONALLY ADJUSTED



Source: U.S. Bureau of Labor Statistics, February 2022.

Payroll Employment

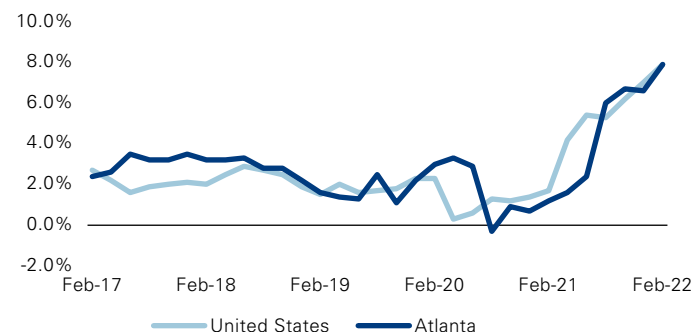
TOTAL NONFARM, NOT SEASONALLY ADJUSTED, 12-MONTH % CHANGE



Source: U.S. Bureau of Labor Statistics, February 2022.

Consumer Price Index (CPI)

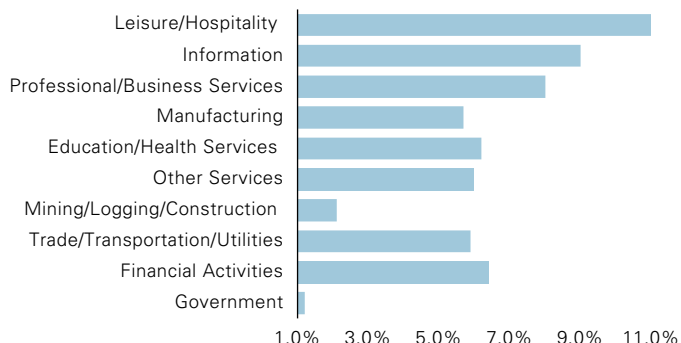
ALL ITEMS, 12-MONTH % CHANGE
NOT SEASONALLY ADJUSTED



Source: U.S. Bureau of Labor Statistics, February 2022.

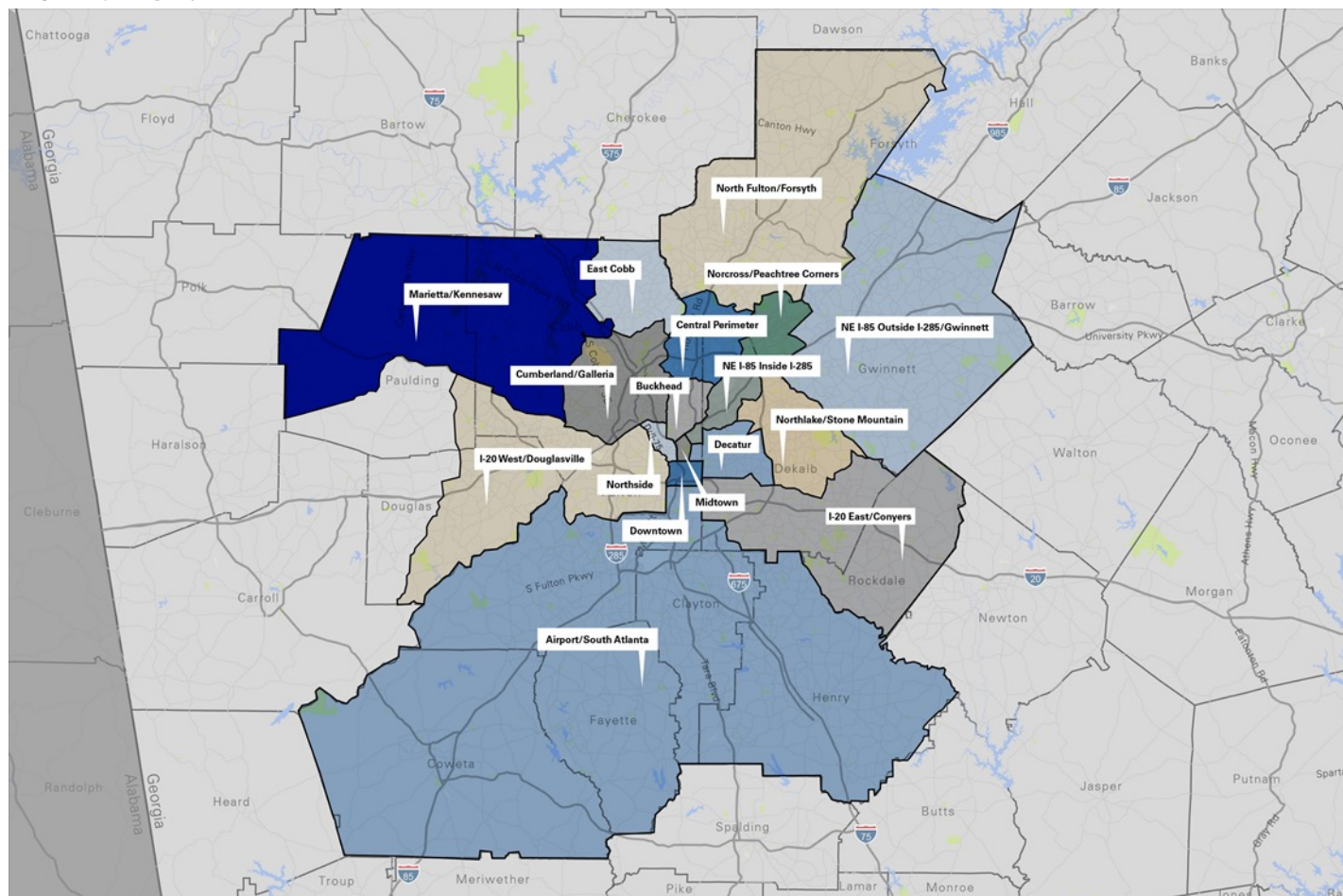
Employment Growth by Industry

ATLANTA, February 2022, 12-MONTH % CHANGE
NOT SEASONALLY ADJUSTED



Source: U.S. Bureau of Labor Statistics, February 2022.

RESEARCH 1Q 2022



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